

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 96-213-W - ORDER NO. 96-739

OCTOBER 23, 1996

IN RE: Application of Heater Utilities, Inc.)	ORDER
for Approval of a Transfer of its)	APPROVING SALE,
Water Utility and Establishment of)	AND GRANTING
Certificate to South Carolina Water)	CERTIFICATE
and Sewer, L.L.C.)	AND WAIVER

This matter comes before the Public Service Commission of South Carolina (the Commission) on the Joint Petition of Heater Utilities, Inc. (Heater or the Company) and South Carolina Water and Sewer, L.L.C. (SCWS) for approval of the transfer of the water utility owned by Heater to SCWS, and for the granting of a Certificate of Public Convenience and Necessity to SCWS. Further, the Companies ask for certain waivers on filed items. The Application was filed pursuant to S. C. Code Ann. §58-5-240 (1995), and the Rules and Regulations of the Commission.

Subsequent to the initiation of this proceeding, the Executive Director of the Commission instructed both Companies to cause to be published a prepared Notice of Filing in certain newspapers of general circulation in the area affected by the Application and to furnish the same information to each customer of Heater. The Notice of Filing indicated the nature of the Application and advised all interested parties desiring to participate in the proceeding of the manner and time in which to

file the appropriate pleadings. No Petitions to Intervene were received.

Subsequently, however, pursuant to Regulation 103-704, a hearing was held in the offices of the Commission on October 16, 1996 at 10:30 a.m., with the Honorable Guy Butler, Chairman, presiding. Heater was represented by Darra W. Cothran, Esquire; SCWS was represented by Francis P. Mood, Esquire and Steve Matthews, Esquire; and the Commission Staff (the Staff) was represented by F. David Butler, General Counsel. Heater presented the testimony of Jerry H. Tweed. SCWS presented the testimony of Thomas B. Pickens, III. The Staff presented no witnesses. Alberta Coit, a Protestant, testified on her own behalf.

Heater presented the testimony of Jerry Tweed, Director of Environmental and Regulatory Affairs for Heater. Tweed offered support for the Application in this Docket to transfer ownership of all of Heater's South Carolina water systems and operations to SCWS. The transfer includes all of the water utility system assets for 32 water systems in and around the Columbia area. It also includes Heater's vehicles, records, furniture, office equipment, etc. Included in the sale are the rights to Heater's records, and the opportunity to hire Heater's employees without interference from Heater. Tweed testified that the transfer would not result in any reduction in the level of service being provided to the customers. Tweed noted that the agreement for sale provides for a smooth transition of service from Heater to SCWS, and the customers would not notice a different owner. The rates

are not changing, and employees and equipment are not changing.

Further, SCWS' President and Chief Executive Officer, Thomas B. Pickens, III is operating out of Charleston, South Carolina, as opposed to Heater's operation center which is located in Cary, North Carolina. Tweed stated Heater's belief that SCWS is a very qualified buyer, since SCWS' CEO has experience in the water utility business, as well as numerous other similar businesses, and has the financial and business expertise to properly manage the systems for the customers.

SCWS presented the testimony of Thomas B. Pickens, III. Pickens noted that it was necessary for SCWS to obtain a Certificate of Public Convenience and Necessity from the Commission in order to provide water service to the customers of the former Heater system, if the transfer was granted. The contracts between Heater and SCWS are conditioned on SCWS obtaining the Certificate of Public Convenience and Necessity. Pickens noted that the existing rates and charges for service, applicable riders, rules, regulations, terms and conditions of Heater will remain in effect after the asset transfer. Also, contract forms and customers bills currently utilized by Heater will remain substantially the same, thereby avoiding customer confusion. SCWS will continue to utilize the customer complaint process presently in place. The operating areas of SCWS will be the operating service areas of Heater. According to Pickens, the transition in management should be transparent to the customers. Further, SCWS believes that the present resources of Heater are

adequate for the near term. Pickens also noted that Fred Brock, who has provided the operational management for Heater, will fill the position for SCWS. Among his duties will be the responsibility for general management, engineering operations, meter and test repairs, and emergencies during non-office hours. Further, Pickens noted his personal experience in the water utility business and other regulated industries.

Finally, Pickens noted the financial ability of the Company to perform and the Company's willingness to comply with the Commission regulation requiring a performance bond in the amount \$50,000.

It was further noted that waiver of presentation of two documents must be considered in this case before the Certificate may be granted. Heater and SCWS could not provide a statement of a professional engineer, nor the construction permit from the Department of Health & Environmental Control (DHEC) for the Heater systems, due to the age of the systems. We find that the provision of these documents may be waived, again, due to the age of the systems.

We have examined the testimony and the evidence presented in this case, pursuant to Regulation 103-704, and find that the request for transfer of the systems of Heater to SCWS should be granted, as it is in the public interest. Further, we believe that SCWS has shown that it is fit, willing, and able to provide the water service to the former Heater customers, and that SCWS should, based on the evidence, be granted a Certificate of Public

Convenience and Necessity for the operation of the system. We believe that SCWS has the management expertise, the personnel, and the facilities to provide water service to South Carolina consumers in their service area. Further, we note that the rates and charges and other matters will be transparent to the customers of the system. Heater's rates and charges are hereby adopted for SCWS, and these are shown as Appendix A to this Order.

IT IS THEREFORE ORDERED THAT:

1. The transfer of the water systems of Heater Utilities, Inc. to South Carolina Water and Sewer, L.L.C. is approved upon the date of closing between the Companies. The Company shall notify the Commission of said date, once this is accomplished.

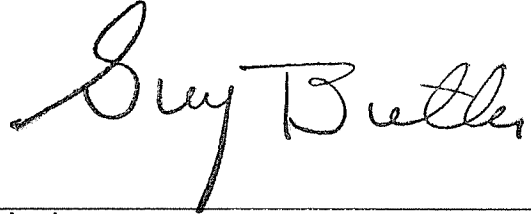
2. A Certificate of Public Convenience and Necessity is hereby granted to South Carolina Water and Sewer, L.L.C., effective on the date of the closing as noted above.

3. The professional engineering statement and construction permit from DHEC on the Heater system are hereby waived.

4. The schedule of rates and charges for SCWS, as set forth in Appendix A, is approved and may be charged for service rendered by SCWS on or after the date of closing.

5. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Chairman

ATTEST:


Deputy Executive Director

(SEAL)

APPENDIX A

SOUTH CAROLINA WATER AND SEWER, L.L.C.
104 CORPORATE BLVD.
SUITE 411
WEST COLUMBIA, S. C. 29169
PH. 796-2870

FILED PURSUANT TO DOCKET NO. 96-213-W - ORDER NO. 96-739*
EFFECTIVE DATE: OCTOBER 23, 1996

SCHEDULE OF WATER RATES AND CHARGES

a. * Base Facility Charge For Zero Consumption -

<u>Meter Size</u>	<u>Base Monthly Charge</u>
<1.0	\$ 9.00
1.0	\$ 25.30
1.5	\$ 50.63
2.0	\$ 81.00

b. Commodity Charge - \$ 3.62 per 1,000 gal.

Water Reconnection Charge - \$ 35.00

New Customer Account Charge - \$ 25.00

Tap Fee - \$500.00**

The rates below will remain as approved by Commission Order No. 91-881 dated October 14, 1991, in Docket No. 91-096-W for the Oak Ridge Hunt Club Subdivision until it is certified to this Commission that bulk water is being furnished to this Subdivision.

a. * Base Facility Charge For Zero Consumption -

<u>Meter Size</u>	<u>Base Monthly Charge</u>
<1.0	\$ 8.00
1.0	\$ 22.50
1.5	\$ 45.00
2.0	\$ 72.00

b. Commodity Charge - \$ 3.32 per 1,000 gal.

Water Reconnection Charge - \$ 30.00

New Customer Account Charge - \$ 22.00

Tap Fee - \$500.00**

* These rates were originally approved for Heater Utilities, Inc. by Order No. 94-430 in Docket No. 93-720-W Dated May 20, 1994.

** Except as otherwise prohibited by contract approved by the South Carolina Public Service Commission.